



DEPARTMENT OF COMMERCE

Economic Development Administration

13 CFR Part 301

[Docket No.: 250923-0158]

RIN: 0610-AA83

Update of Public Works and Economic Adjustment Act Grant Rate Regulations

AGENCY: Economic Development Administration, U.S. Department of Commerce.

ACTION: Final rule.

SUMMARY: On January 4, 2025, the Economic Development Reauthorization Act of 2024 became law. The Economic Development Administration (“EDA”), U.S.

Department of Commerce, publishes this final rule to reflect an amendment made to the grant rates prescribed by EDA’s authorizing statute, the Public Works and Economic Development Act of 1965. Immediate implementation of the rule will prevent public confusion between EDA’s implementing regulations and changes enacted in the Economic Development Reauthorization Act of 2024.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Jeffrey Roberson, Chief Counsel, Office of the Chief Counsel, Economic Development Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Suite 72023, Washington, DC 20230; telephone: (202) 482-1315; email: jroberson@eda.gov.

SUPPLEMENTARY INFORMATION:

Background

On January 4, 2025, the Thomas R. Carper Water Resources Development Act of 2024 (Pub. L. 118-272) became law and contained the Economic Development

Reauthorization Act of 2024 (“the Act”) in Title II of Division B. The Act reauthorizes EDA through Fiscal Year 2029 and updates numerous authorities that govern the operation of EDA under its organic act, the Public Works and Economic Development Act of 1965 (“PWEDA”).

This rule addresses an explicit conflict between EDA’s existing regulations (13 CFR chapter III) and the Act with respect to EDA’s cost sharing requirements for projects that meet EDA’s distress criteria. Prior to the Act, section 204 of PWEDA (42 U.S.C. 3144) specified that EDA’s federal grant rate for projects that meet PWEDA’s eligibility requirements shall not exceed 50 percent. Section 2215 of the Act amended section 204 of PWEDA to require that EDA’s federal grant rate for projects that meet PWEDA’s eligibility requirements not exceed 60 percent. From this 60 percent federal grant rate, EDA is permitted to increase the federal grant rate up to 30 percent based on relative needs, and up to 100 percent in certain circumstances. Thus, prior to the Act, EDA had a maximum federal grant rate that ranged from 50 percent to 80 percent based on distress with some exceptions to get to 100 percent. Since the enactment of the Act, EDA’s maximum federal grant rate ranges from 60 percent to 90 percent based on distress with some additional exceptions to get to 100 percent.

In this rule-making, EDA is taking a conservative approach and only updating the parts of its regulations that are explicitly contradicted by the Act and are necessary for ongoing EDA operations. EDA anticipates additional rule-makings to fully implement the Act, including at least one that would solicit notice and comment on a comprehensive update to EDA’s distress criteria and grant rates.

Classification

Administrative Procedure Act and Regulatory Flexibility Act

Pursuant to 5 U.S.C. 553(a)(2), prior notice and opportunity for public comment are not required for rules concerning public property, loans, grants, benefits, and

contracts. This rule conforms EDA's grant regulations with a statutory change directed by Congress.

Because prior notice and an opportunity for public comment are not required pursuant to 5 U.S.C. 553, or any other law, the analytical requirements of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) are inapplicable. Therefore, a regulatory flexibility analysis has not been prepared.

Executive Orders No. 12866, 13563, and 14192

This final rule was drafted in accordance with Executive Orders 12866, 13563, and 14192. OMB has determined that this rule is a significant regulatory action for purposes of Executive Orders 12866, as defined in section 3(f), and 13563. This rule is not an E.O. 14192 regulatory action because it does not impose any more than de minimis regulatory costs.

Congressional Review Act

This final rule is not major under the Congressional Review Act (5 U.S.C. 801 *et seq.*).

Executive Order No. 13132

This final rule does not contain policies that have federalism implications.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("PRA") requires that a Federal agency consider the impact of paperwork and other information collection burdens imposed on the public and, under the provisions of PRA section 3507(d), obtain approval from OMB for each collection of information it conducts, sponsors, or requires through regulations. This final rule does not require the collection of any information and is therefore not subject to the PRA.

List of Subjects in 13 CFR Part 301

Applicant and application requirements, Economic distress levels, Eligibility requirements, Grant administration, Grant programs, Investment rates.

For the reasons discussed above, EDA is amending title 13, chapter III of the Code of Federal Regulations as follows:

PART 301—ELIGIBILITY, INVESTMENT RATE AND APPLICATION REQUIREMENTS

1. The authority citation for part 301 continues to read as follows:

Authority: 42 U.S.C. 3121; 42 U.S.C. 3141-3147; 42 U.S.C. 3149; 42 U.S.C. 3161; 42 U.S.C. 3175; 42 U.S.C. 3192; 42 U.S.C. 3194; 42 U.S.C. 3211; 42 U.S.C. 3233; Department of Commerce Delegation Order 10-4.

2. Amend § 301.4 by:

a. In paragraph (b)(1), removing the number “50” and adding in its place the number “60”;

b. Revising Table 1 to paragraph (b)(1)(ii); and

c. In paragraph (b)(3)(i), removing the number “50” and adding in its place the number “60”.

The revision reads as follows:

§ 301.4 Investment rates.

* * * * *

(b) ***

(1) ***

(ii) ***

Table 1

Projects located in regions in which:	Maximum allowable investment rates (percentage)
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(A) The 24-month unemployment rate is at least 225% of the national average; or	80
(B) The per capita income is not more than 50% of the national average.	80
(C) The 24-month unemployment rate is at least 200% of the national average; or	70
(D) The per capita income is not more than 60% of the national average.	70
(E) The 24-month unemployment rate is at least one percentage point greater than the national average; or	60
(F) The per capita income is not more than 80% of the national average.	60

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Dated: November 17, 2025.

Benjamin Page,

Deputy Assistant Secretary and Chief Operating Officer.

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